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PREFACE

Exceptional times call for exceptional measures, and there is no doubt that during the past 12 months the meetings and events industry has not only faced unprecedented challenges but has also responded with creative and compelling solutions to defend itself and protect its reputation as a force that drives business and adds real value.

During a year marked by recession over many of the world's major economies, our industry has had to constantly assert itself in order to remind CEOs, politicians and taxpayers everywhere of the power of bringing people together face-to-face and the considerable economics impacts that meetings and events can bring in terms of employment, salaries and profits which are of direct benefit to local communities and a wide range of stakeholders. The meetings and events industry has spoken with one voice on this matter, rallying itself in the face of widespread criticism by creating powerful new alliances and instigating valuable new research and education initiatives designed to demonstrate our industry's role in contributing to the recovery of the global economy.

But although there are convincing signs that the global recovery is now underway, many believe that we are still firmly rooted near the bottom of the economic cycle and that the road back to a buoyant economy will be slow and bumpy. The short-term outlook certainly remains challenging, and the research for this Industry Trends and Market Share Report suggests that the immediate outlook for meetings and events will continue to be sluggish and that recovery in our particular industry may lag behind that of the wider economy in general.

Nevertheless, it is clear that through working together, the meetings and events industry and its allies can learn from the experience of the past year, rebuild itself and ultimately prosper. The more our industry does to promote itself as excellent value, with no compromise in quality, the more likely we are to emerge stronger than before.

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PART ONE:
THE ECONOMIC ENVIRONMENT

Most of the world is now considered to be in the early stages of recovery from the global downturn, as some of the major national economies such as the US, Germany and France have officially emerged from a state of recession. Nevertheless, the global picture is extremely mixed.

EMERGING MARKETS AND BRIC ECONOMIES

At one end of the scale, there are the emerging markets, which in 1999 represented about 20% of global GDP; but should account for closer to 50% by 2010. That expansion is not just because developed markets are shrinking: emerging markets' GDP growth has been 4% to 5% ahead of developed ones for much of the past two decades and they should grow by about 2% this year, according to estimates from J P Morgan. The importance of emerging markets cannot be overestimated. They account for 80% of the world's population, 70% of global foreign exchange reserves and half of world exports.

Among the most dynamic of the emerging markets are the BRIC economies of Brazil, Russia, India and China. The summer 2009 KPMG Business Outlook Survey of manufacturing sector firms across the BRIC region highlighted a strong and broad-based rebound in business confidence following the drop seen in the immediate aftermath of the financial crisis. July's confidence balances showed sharp improvements from the winter survey and, in many cases, have returned to levels broadly in line with 2008 readings. Optimism is underpinned by expectations for strong demand, coupled with signs of improving economic conditions. For example, demand for mobile phones in these areas is expected to more than double between 2005 and 2011; the take-up of financial services is also rising sharply.

The headline net balance for BRIC business activity climbed sharply from that recorded in January and was almost back to the reading posted last summer, suggesting that output levels in these economies will rise at a marked pace over the next twelve months. Confidence is highest in Brazil, where the recession was comparatively short, amounting to just two quarters of negative growth.

While firms in Russia also predict robust rates of expansion, the economy there is still reeling from the effect of a sharp fall in the price of oil. And although Indian firms are much less upbeat than their counterparts elsewhere (and are also less positive than was the case last summer), confidence there has still shown a clear improvement from January's depressed level. The Indian economy grew 6.7% in the year to the end of March 2009, but had grown by an average of 8.8% in the previous five years.

China is the world's third-largest economy and lavish spending by the Chinese government has helped that country's recovery from the global recession. The 4 trillion yuan (£354 billion) stimulus plan involving massive spending on infrastructure such as rail and roads has helped to boost the domestic economy, compensating for the drop in the volume of exports, caused by falling world demand. China's economy expanded by 8.9% in the third quarter of 2009, putting it well on the way to meeting its annual growth target of 8%. In October, the Chinese government signalled its intention to stimulate investment in what it considers to be sectors of the economy with great potential for future growth, including the environment, software and IT.

EUROPE

A significant proportion of the economic activity of the continent of Europe is accounted for by the 27 members of the European Union. For the manufacturing sector, KPMG's Business Outlook Survey of August 2009 showed that following on from the record lows registered in the same survey six months previously, business confidence had rebounded somewhat across the EU in the summer. The net balance for activity rose to +28.0, from -10.2 indicating expected growth of manufacturing production by mid-2010. Manufacturers in the UK and Italy led the way, in term of their optimism for the months ahead. Revenues were also expected to rise (+18.8), albeit to a lesser extent than new order volumes as firms expected tough competitive pressures and pricing power is restricted. Though higher than one year ago, however, the net balances for output, new orders and revenues all remain below levels seen in 2006, 2007 and the first outlook period of 2008.

But despite these encouraging figures, European manufacturers still expected to cut capital expenditure, and, with the exception of the UK, manufacturers in all EU countries surveyed expected to cut jobs over the next 12 months. France and the Netherlands were the countries where the highest levels of job losses were expected.

For economic activity overall, the European Union's Eurostat agency showed that economic activity in the euro-zone shrank by 0.2% between April and June, the fifth consecutive quarter of economic contraction. This figure was a marked improvement on the 2.5% drop recorded in the first three months of the year. Stronger exports and consumer spending, as well as government stimulus packages, contributed to the improvement. The figures also showed that Greece, Poland, Portugal and the Czech Republic have emerged from recession. France and Germany had already returned to growth.

THE US

As the largest economy in the world, economic indicators in the United States are closely monitored by all countries.

A modest firming trend in consumer confidence has been observed towards the latter half of this year. The University of Michigan's Consumer Sentiment Index after rising from August's rating of 65.7 to 73.5 in September dropped back to 69.4 in October, as fears about future job prospects increasingly preyed upon Americans. The unemployment rate in the US rose to 10.2% in October, which was its highest rate since April 1983, according to figures from the US Labor Department. Fears of further job losses were compounded by concerns over the burgeoning budget deficit in the US. The US budget deficit hit a record US\$1.4 trillion in the year to 30 September, according to US Congress estimates. This was equal to 9.9% of gross domestic product (GDP) - more than treble the 2008 level and the highest since the end of World War II.

ASIA PACIFIC

Japan followed fellow G20 members Germany and France out of recession, when it was confirmed that its economy grew by 0.9% in the second quarter. But many analysts say the rise was due to a US\$260bn government stimulus package, and are uncertain as to how long growth will continue for. The slowdown in the economy was steeper than that being experienced in the US or Europe, as Japan has been hit particularly hard by falling global demand for its products, particularly electronic equipment and cars.

Australia has been one of the few developed countries to avoid slipping into recession. Indeed, business confidence there has jumped to a seven-year high, with sentiment picking up strongly in the three months to September. A National Australia Bank monthly survey of business confidence grew by 20 points to 16 points in the three months to September, reversing a negative reading and bringing business confidence back to levels not seen since 2002.

A separate National Australia Bank survey of business conditions released in October, suggested that these would pick up over the next three months, jumping into positive territory by going up 20 points to an index reading of 14 as trading and profitability, and to a lesser extent employment, improved. And the NAB concluded that business conditions could climb even higher over the coming year, with expectations that this measure could hit 28 in 12 months. The survey also showed businesses' profit expectations had returned to levels last seen in the first quarter of 2008, while employment confidence had returned to pre-global financial crisis levels.

While many other major economies struggled to emerge from recession in 2009, South Korea managed to stage a decisive turnaround as economic growth there reached a seven-year high. The country's economy grew between July and September at its fastest quarterly rate since the first quarter of 2002. According to the Bank of Korea, gross domestic product grew by 2.9% in the third quarter compared with the previous three months. It grew 0.6% compared with the same period last year, ending a run of three consecutive quarters of negative year-on-year growth. Investors reacted

favourably to the news and the benchmark Kospi stock market index in Seoul closed up 1% at 1,657.1 immediately following the news. The index rose by 47% this year, having dropped by 41% in 2008.

PERFORMANCE OF SPECIFIC INDUSTRY SECTORS

The business volumes of the meetings and events market, in particular that of corporate events, are closely aligned with the overall performance of the key industry sectors that create the greatest demand for our services and facilities.

This section provides a brief overview of the performance of some of those sectors that are key clients of the meetings and events industry.

- Pharmaceuticals

The fortunes of many of the major pharmaceutical groups have been positively affected by unprecedented surges in demand for certain of their products. For example, AstraZeneca's 2009 earnings forecast received a boost from the company's windfall sales of its swine flu vaccine and continued strong demand for its cholesterol drug Crestor. At the same time, GlaxoSmithKline PLC, the world's second largest drug maker by revenue, posted an 11% rise in its third quarter earnings on the back of strong sales of the flu drug Relenza and forecast an even bigger boost from its swine flu vaccines in the final quarter of the year.

Despite these positive signs, long-term concerns for this sector still remain, given several pharmaceutical groups' looming loss of patent protection on many of their top-selling medicines. In addition, laboratories are going through a difficult period as many of them struggle with codes of ethics and budget pressures. Regarding pharmaceutical meetings, the healthcare compliance laws, Sarbanes Oxley (SOX) compliance and security standards continue to shape the planning of many events in this sector. Planners need to demonstrate extreme caution over their use of resort properties, five-star hotels, and even elaborate menus. The giving of gifts for healthcare professionals at pharmaceutical meetings is a delicate matter, and planners always have to be on their guard for anything that could be perceived as an unethical approach or an enticement.

- Automotive

The automotive sector is one of the main dynamos of the global economy and a major client sector of the meetings and events industry. It is also particularly vulnerable to any downturn in consumer and business confidence, GDP and personal incomes. And with the life expectancy of vehicles being substantially

improved over the past decade, buyers can easily delay purchases of new cars, trucks and vans and wait until economic conditions improve.

No other sector – with the possible exception of construction – has been so widely and so deeply affected by the recession of the past 12 months. The car industry in the US, for example, has been battered by a global slump in demand, and both Chrysler and GM had to briefly enter Chapter 11 bankruptcy protection this year. By contrast, while car sales in developed markets fell sharply, in BRIC economies, there was little change and sales of cars are now firmly on an upward trend. China's car market has become the world's largest, with sales up 34% to 9.66 million vehicles in the first nine months of this year.

Car manufacturers' sales were helped, at least partially, by the scrapping incentives for old cars offered by governments across the US, Europe, Japan and China. These have been highly effective. For example, figures released in November showed that the British scrappage scheme helped boost car sales by 31.6% in the month of October alone. In November, Toyota, the world's biggest car manufacturer, reported its first profit in four quarters and said that its full-year loss for 2009 would be less than half that it had previously forecast. But despite the cost cuts and government incentives that helped generate this profit, the carmaker warned that it would likely slip back into the red in the next few quarters before a fully-fledged recovery takes hold.

The concern is that government scrapping incentives may have produced an artificial surge in demand for cars, which will rapidly vanish when the stimulus is removed. Longer-term, many believe that the automotive industry, particularly in the developed world, is in need of radical restructuring to reduce its overcapacity as well as its significant dependence on public subsidy.

- Financial services

Most surveys, suggest that, following the ravages experienced by this sector in the last quarter of 2008 and into 2009, financial institutions, for the most part, are cautiously optimistic about the road ahead. This year's Deloitte Global Financial Services Industry Outlook, for example, finds that the forecast for financial services is mostly positive. Much of the optimism and dynamism in this sector is driven by exciting prospects in new markets – particularly in emerging markets and in the Asia Pacific – and as financial services companies pursue the opportunities described below, this will certainly create growth in demand for bi-national and multinational meetings:

- In Europe, the political, regulatory and cultural obstacles that blocked European mergers of financial services companies in the past are finally disappearing, and, consequently, an imminent surge in cross-border mergers and acquisitions - driven by the need to grow earnings and by the appeal of economies of scale – is anticipated.

- Offshoring of certain functions of financial services' operations will increase significantly, as firms recognise the improvement in quality they can realise through scaling up their operations overseas, particularly in areas like India, the Philippines, Malaysia, China and other markets in Asia Pacific. Firms will offshore not only ICT services, but also other back-office functions such as actuarial services and human resources.
- China, in particular, will transform the financial services industry for years to come as growth opportunities slow in Japan and the West. Western banks and securities firms that have already acquired substantial stakes in China's four national banks have started to invest in mid-sized banks as well. A high savings rate, growing middle and wealthy classes and a shortage of healthcare and pension systems make China a highly attractive market for major asset management firms and insurance companies.

However, even if the volume of meetings in this sector may reasonably be expected to rise, there will be a high degree of public and press scrutiny of such events, on the lookout for any evidence of extravagance and abuse, against a background of widespread concern over the return of bankers' bonus payments – particularly in the case of institutions that were bailed-out with public funds.

- Information and Communications Technology

Even though the global economic crisis has not hit the ICT sector as hard as many other industries, this sector is not immune to the current crisis and is suffering at both ends of the market:

The supply side of the ICT sector has seen a downturn in investment, as there is less confidence in the economy and less readily-available cash to invest in longer-term infrastructure projects; the demand side of the ICT sector has also suffered, as consumers postpone plans to upgrade their mobile phone or broadband connection and become more cost conscious when making calls.

But, inevitably, the impact of the economic crisis has been uneven, in different world regions, with the BRIC countries experiencing much less of a downturn than in the developed world. In China, for example, the authorities have taken concrete action to encourage the population to purchase ICT products, through subsidised buying of TVs and other consumer electronics.

Nevertheless, there are signs of optimism. According to the European Information Technology Observatory (EITO), the European IT market will bounce back in 2010 to record positive growth after falling 2.6% this year – following a rise of 3% in 2008. The European market for IT hardware, software and IT services will be worth €299 billion this year, but the EITO predicts that the European IT sector is set to breach the €300 billion barrier once again next year with predicted growth of 0.6%. EITO also expects the

overall IT, telecoms and consumer electronics market to stabilise in 2010. After shrinking 2.2% to €714 billion this year, the market is set to drop by just 0.5% next year. The digital consumer electronics market is set to incur the largest losses this year, plummeting 8% to €58.5 billion following a plunge in the price for flat-screen TVs, digital cameras and navigation systems.

PART TWO:

**THE IMPACTS ON THE MEETINGS &
EVENTS INDUSTRY**

THE GENERAL SITUATION

An analysis of the impacts of the prevailing economic conditions on our industry presents a picture as varied as the diverse states of national economies throughout the world. There is, however, considerable consensus that corporate meetings and events have been hardest hit by these recessionary times. As corporate profits have fallen in most countries over the past year, companies have reacted with an array of cost-cutting measures related to their employees' business travel and their participation in meetings and business events.

We have seen:

- Ever shorter lead times, as clients show increasing reluctance to commit themselves to signing contracts with suppliers significantly in advance of their meeting or event.
- Clients shopping around more and comparing prices for facilities and services.
- Greater use of one-day events to reduce the number of overnight stays
- And a reduction in the number of suppliers they use, to increase the potential for economies of scale.

As supply outstrips demand in most countries, we now clearly find ourselves in even more of a buyers' market than in previous years.

Nevertheless, the picture is far from being universally morose. Most international and national surveys of the meetings and events market highlight the fact that the association sector has been far less affected by the financial crisis than the corporate sector. For example, respondents to the MPI/American Express August 2009 Business Barometer indicated that the three market segments showing net growth over the past year have been domestic associations (13% net), international associations (3% net), and governments (20% net).

The dynamism of the association market segment was also noted this year by the research team of the International Congress and Convention Association (ICCA) who identified almost 800 previously unknown, regularly occurring series of association meetings that rotate between at least three different countries. Martin Sirk, ICCA CEO, noted that that represented more than 10% growth in the association's database of such events: 'Many of these events have been created as offshoots of established larger association events to service regional or precise subject-specific needs, generating new competition in the marketplace and tremendous opportunities for new business development in all regions of the world.'

Another segment of the market that appears to be relatively recession-proof, according to Benchmark Hospitality International's 2009 Top Ten Meeting Trends, is the SMERF (Social, Military, Educational, Religious and Fraternal) sector, where demand is actually growing. It appears that this year, just as happened after 9/11 when the corporate meetings sector suffered a severe

downturn, SMERF events have remained a robust market, and are suddenly being courted by cities that once had snubbed them.

There is also ample evidence that buyers are changing their behaviour as regards the types of venue they are now booking for their events in the current economic environment. For the US, the PCMA/AMEX/YPartnership Meeting Planner Intentions Survey noted that resorts were likely to be affected most adversely by the prevailing economic and media environment due to the anticipated decline in the number of meetings booked. Slightly less than half (47%) of professional planners expected to decrease the number of off-site meetings booked at resorts in 2009/2010. Interestingly, the survey authors also noted that hotels may benefit from this trend as slightly over one in ten (11%) planners expected to increase the number of off-site meetings booked at hotels during the same period.

The Benchmark Hospitality International's 2009 Top Ten Meeting Trends report builds on this theory, suggesting that increasingly planners are turning to dedicated conference centres: 'They may lack the glamour of center city hotels, or the status of landmark properties, or the sex-appeal of exotic resorts, but that's a unique selling proposition these days. Conference centers deliver on the promise of a dedicated and focused learning environment, are wired for maximum productivity, provide high quality yet non-extravagant food and beverage, offer pleasant and comfortable guestroom accommodations, and importantly, provide dedicated conference service support. In short, serious meeting environments for serious times'.

KEY GEOGRAPHICAL MARKETS RESPONSES TO THE ECONOMIC SITUATION

EUROPE

Scaling-back on meetings and events held by Europe-based companies was the general theme of most national surveys conducted this year.

- The UK

For example, the British Meetings & Events Industry Survey reported a sharp drop in spending on corporate events: 33% of respondents saw a reduction in the number of events; 22% reported a reduction in the duration of their events; and 26% reported a reduction in the number of participants. However, 47% of corporate meetings planners reported that they had used overseas destinations for the events in the past year, a much higher percentage than those recorded in previous surveys, with the most-used destinations being Ireland, Germany, France and Spain.

More optimistically, the same survey noted a modest rise in budgets in the association sector in the period June 2008 – June 2009. And on the associations side, only 17% of planners reported a reduction in the number of meetings, while 11% reported meetings of shorter duration.

- Germany

The Meeting & EventBarometer 2009, conducted by the European Institute for the Meetings Industry on behalf of the German National Tourist Board, the European Association of Event Centres and the German Convention Bureau showed that, for the German market, overnight domestic business trips remained at a high level in 2008, while international business trips made by Germans fell back to 16.7 million from 18.3 million the previous year, bring the volume below the 2006 level of 16.9 million. Only 8.9% of respondents were in agreement with the outlook that 'The budgets of companies for the MICE segment (Meetings, Incentives, Conventions, Events) will increase', 42.6% less than the number of those who agreed with this statement the previous year.

Echoing these sentiments, the Verband Deutsches Reisemanagement e.V. (VDR) survey of German companies, released in October 2009, suggested that few firms anticipated the business travel sector to recover in the months ahead. By contrast, videoconference organisers have benefited significantly from the global economic and financial crisis. According to this survey, 40% of the companies polled are making increasing use of virtual conferences in order to reduce business trips.

- France

According to data published by the CFTAR (French Convention Bureau), against a background of an uncertain economic situation, the general trends that have characterised meetings and business events in France this year have been:

- a reduction in the average length of events
- a drop in the average spending of participants
- a drop in the average number of participants per event and in the average budget per event
- a growing concentration of demand for events in the mid-week period
- greater negotiation with a more limited number of suppliers

Incentive travel has been the sector most affected by the economic climate of 2009, and is expected to continue to be strongly affected by the state of the economy in 2010. Incentive groups will be smaller, and incentive trips will take place in less ostentatious destinations, with less appearance of extravagance. The associations meetings market, on the other hand has been the least affected, due to the long lead-time involved in planning these events. However, the French Convention Bureau believes that in 2010 even this sector could feel the impact of the economic crisis.

However, despite the morose state of individual national meetings and events markets, taken as a whole, Europe still leads the way as a destination for international meetings in particular. Western European cities continue to host the vast majority of such events, but Central and Eastern Europe continue to make a strong impression, helped by the strong infrastructure development which is well underway in countries such as Poland and Russia, which promise to raise competitiveness in the near future.

According to data provided by the Union of International Associations (UIA), the worldwide breakdown (market share) for meetings in 2008 by continent was:

Europe	52.73%
America (North & South)	17.83%
Asia	21.67%
Africa	4.70%
Australasia / Pacific	3.07%

The dominance of Europe as a destination is clear, even if the continent's market share has fallen by approximately 6% in the past two years, as measured by the UIA.

The same source shows that seven out of the top ten countries for international meetings in 2008 were the Western European nations (in order): France, Spain, Germany, the Netherlands, Italy, Belgium, and the UK. Statistics published by the International Congress and Convention Association (ICCA) portray a similar situation, with six Western European countries appearing in the top ten destinations for meetings organised by international associations which take place on a regular basis and which rotate between a minimum of three countries: (in order) Germany, Spain, France, the UK, Italy and the Netherlands.

At the city level, European capitals also feature prominently in the lists of the top ten international meetings destination published this year by the UIA and ICCA. According to the UIA, the top ten cities for 2008 were Singapore, Paris, Brussels, Vienna, Barcelona, Tokyo, Seoul, Budapest, Copenhagen, and London. While ICCA's list comprised: Paris, Vienna (first equal), Barcelona, Singapore, Berlin, Budapest, Amsterdam, Stockholm, Seoul and Lisbon.

To meet this ongoing demand for meetings in Europe, there has been no apparent drop-off in the number of new venues opening around this continent. A few examples of note are:

- Scheduled to open in 2010, Park Plaza Westminster Bridge will be London's largest hotel opening in a generation, offering 1,021 contemporary guest rooms and 2,700 square metres of flexible meeting space, including the Westminster Ballroom accommodating 1,400 people theatre-style and over 30 meeting rooms. This venue will host the 2011 SportAccord Convention which will see more than 1,500

of the world's top sporting officials and business people from across the globe gather in the capital for the six-day event. This prestigious event will contribute more than £3 million to the local economy

- In Autumn 2009, Moscow's newest convention facility, Swissôtel Krasnye Holmy unveiled 1,393 square metres of meeting and convention space.
- In April 2010, Dolce Munich Unterschleissheim, Dolce Hotels & Resorts' sixth property in Europe, will open, offering 1,655 square metres of function space certified by the International Association of Conference Centers (IACC).

THE US

There is no doubt that the meetings and events industry in the US has experienced a painful downturn as the impact of the global financial crisis has taken hold, and consequently, most US-based surveys reported widespread reductions in meetings budgets, as well as the size and duration of these events.

Convene's 18th Annual Meetings Market Survey (largely of US-based association meetings planners) highlighted shrinking budgets. On average, respondents projected that their 2009 convention/meeting budgets would contract by 2.7%, which contrasts with the 3.3% increase that they realised in their 2008 budgets. 31% of respondents projected fewer attendees in 2009 compared to 2008; while 25% expected to reduce the number of days of their multi-day meetings in the year ahead, an increase over the 17% who expected to do so in 2008.

There was little encouragement to be found in the findings of the report, 'The Meetings Market: Outlook 2009/2010', based on survey conducted by the Professional Convention Management Association, American Express, and the Y Partnership. Their survey questioned 516 US-based meeting planners (55% of whom were association meeting professionals and 45% of whom were corporate or incentive meeting professionals) in April and May of this year, to gauge their intentions over the next 19 months in the face of a struggling economy and media backlash about meetings.

Some 41% of those surveyed said they would cancel or postpone meetings due to current economic conditions; about 22% stated that they would cancel or postpone due to downsizing or consolidation; and 8% planned to postpone or cancel due to "current negative media coverage about the meetings industry." While meetings canceled because of negative perceptions represented the smallest category of cancellations, they also represented the most expensive meetings—worth \$231,479 in room revenue on average. In contrast, the average room revenue of meetings canceled due to economic conditions was \$208,182 and of those canceled due to corporate downsizing was \$121,000.

Other findings of the Meetings Market: Outlook 2009/2010 included:

- 44% of respondents will book fewer off-site meetings between now and December 2010 compared to the number they booked in 2008
- 56% expect attendance at meetings to be down in 2009/2010 compared to 2008
- 47% of planners expect to decrease the number of meetings booked at resorts in 2009/2010
- The “upper upscale” and “luxury” hotel categories were cited most often as the types of accommodation planners expect to use less frequently in 2009/2010 (50% and 54% respectively)

Nevertheless, one note of encouragement for destinations targeting the US meetings market is found in the fact that more than two-fifths (43%) of respondents to Convene’s 18th Annual Meetings Market Survey reported that they would be holding meetings outside the United States in the future: the same proportion as indicated this in Convene’s previous survey. This year, the international destinations that respondents were most likely to consider were:

Canada 42%
United Kingdom 25%
Mexico 24%
Western Europe 24%
Caribbean 24%
Asia Pacific 21%

As a destination for meetings, the position of the US as the world’s top country for hosting international meetings seems unassailable. According to the latest data provided by the Union of International Associations (UIA) and statistics published by the International Congress and Convention Association (ICCA), the US remains in first place of all the world’s countries, for the hosting of international meetings.

In addition, for the first time in its five-year history, the US has also been ranked No.1 in FutureBrand’s Country Brand Index (CBI) study, which also named the country the world’s fourth best conference destination, the global brand consultancy announced Friday. (However, although the US ranked No. 1 in brand image, the CBI survey placed it in the bottom half of countries for “ease of travel” to and within the country, suggesting that the country’s cumbersome security and visa policies are keeping its positive image from translating into positive visitor numbers).

Against this background of the US meeting market’s continuing interest in international destinations for their events and other countries’ interest in the US as a meetings destination, on 1 October of this year Reed Travel Exhibitions announced its commitment to the American meetings and incentive market by confirming that the inaugural Americas Incentive Business

Travel and Meetings Exhibition (AIBTM) will take place in Baltimore, Maryland from June 21- June 23, 2011.

THE MIDDLE EAST AND AFRICA

In the Middle East, a region that is rising in global economic influence, there is convincing evidence that the impacts of the global financial crisis have been less severe here than in other world regions. The Gulf Incentive, Business Travel & Meetings Exhibition's (GIBTM) 3rd Middle East Meetings Industry Research Report, launched in 2009, showed that confidence levels still remained high in the opportunities offered by the Gulf/Middle East Region, with continuing growth in comparison to the previous year. 51% of the buyers surveyed confirmed they had organised more events in the Gulf and Middle East in the past 12 months – up from the 40% who claimed to have done so in the 2008 survey. 73% of buyers predicted that over the next 12 months there would either be an increase in the number of events organised by them, or numbers would remain the same.

The Middle East's extensive investment in the meetings and events industry is reaping some valuable rewards. Prominent among these is the decision by the International Bar Association (IBA) to host its 2011 annual conference in Dubai's World Trade Centre – the first time in the IBA's history that the event will be held in the Middle East. The IBA's Annual Conference is the largest international gathering of lawyers and bar associations in the world, attracting around 4,000 of the world's top lawyers to the week long event, which features over 150 sessions covering a wide range of legal issues.

And the Middle East's investment in its meetings and events infrastructure advances, unconstrained by the economic woes of the wider world. Bahrain will go ahead with the development of its new Expo City, which will increase the size of the existing Bahrain International Exhibition and Convention Centre (BIECC) by around 10 times, an investment worth approximately US\$ 815 million. The development of Expo City will be executed in two phases, 2012 and 2014.

On the African continent, the picture is dominated by South Africa, but other countries are increasingly showing an interest in expanding their share of the meetings and events industry. Among these are Morocco, which this year created a new convention bureau to help boost its success in the meetings sector. This country plans to pitch itself as an attractive meetings destination, based on its proximity to major European markets (on average, 3 hours away by air), its open-skies policy and its congress infrastructure development project, which is being implemented in Casablanca, Marrakech and Tangier. Business tourism currently accounts for 12 – 15% of the tourist market in Morocco.

In South Africa itself, the Southern African Association for the Conference Industry (SAACI) Economic Barometer Study: Venue Chapter 2009 survey indicated that there had been a significant drop in the number of conferences

hosted year on year for the period January – June 2009. Conferences had seen a 20.5 % drop since the previous year. Nationally, however, some regions' decreases had been marginal in conference numbers.

The survey showed that associations meetings had been the least affected by the economic downturn. In addition international meetings had remained consistent. However, another trend revealed by the survey is that the number of day-conferences had declined significantly. According to Norbert Haydam of Datavision, who conducted the research, day-conferences had seen a decrease of 24.7 %. Nationally, delegate numbers for day-conferences had also seen a decrease from 158 in 2008 to 90 in 2009. However, the banqueting sector had only seen a marginal decrease of 4.3 %, despite the economic downturn.

According to the National Venues Chapter Chair, Joey Pather, 65% of respondents anticipated a decrease in turnover over the next six months. In order to offset the negative effects of the economy, it is interesting to see that 37% of respondents had increased their marketing spend. In addition there was an increasing trend to embark upon aggressive marketing campaigns.

CHINA

China's potential as an expanding and highly lucrative market for other countries has made it a prime target for the marketing efforts of many destinations beyond its borders. A recent example is the Abu Dhabi Tourism Authority which saw its debut participation in the China Incentive Business Travel and Meetings Exhibition (CIBTM) this year. The key motivator for this country targeting Chinese meetings and events planners was the decision by the China National Tourism Authority to relax its visa restrictions for tour groups to the UAE, opening up a major new source market for the Middle East's meetings industry.

In China itself, the ongoing march towards equipping the country as a leading international meetings and events destination continues apace. This year's highlight was when the China National Convention Center (CNCC) in Beijing opened in October 2009 for its originally intended function – providing international standard, purpose-built convention and exhibition facilities. With its gross floor area of 270,000 square meters, the CNCC was an important element in the overall plan for the 2008 Beijing Olympic Games when it served as the main press centre and international broadcasting location as well as providing the venue for fencing and pistol shooting competitions. The CNCC, located in the heart of the Olympic Green, already has a healthy level of bookings for 2010 and beyond. For its first five years of operation there are a total of 173 events expected to attract over 320,000 attendees to Beijing. These include 56 international or regional association congresses, 66 national meetings as well as several government and corporate meetings.

The CNCC was also the venue for this year's CIBTM, China's leading meetings event, which was 35% larger than the last CIBTM in 2007.

PART THREE:

**THE TECHNOLOGICAL AND
SOCIAL ENVIRONMENT**

TECHNOLOGY

In the context of the economic downturn, many corporate buyers have sought a 'technical' solution to help them cut costs.

The PCMA/AMEX/Ypartnership Meeting Planner Intentions Survey, for example found that American planners intended to make greater use of alternative meeting methods in the immediate future, including webinars (54%), teleconferencing (48%) and videoconferencing (30%) technologies. FutureWatch 2009 respondents also saw virtual meetings as an important trend, and many of them predicted a shift to Web-based learning as a way to control meeting and travel costs.

Ozgur Tore of Travel News Gazette also recognizes that for many companies this year, technology rather than the abolition of business travel was the answer. For instance, increasing usage of teleconference tools was reported by accountancy firm Accenture, declaring a return of 300% - 500% on monthly operating costs of its 30 Cisco TelePresence suites worldwide thanks to significant 'travel avoidance'.

Similarly, traditional meeting facility providers such as hotel chains, Marriot and Starwood saw travel avoidance as an alternative source of income, stating this year that they would install telepresence technology in their meeting rooms to boost their meeting businesses as the world economy becomes more interconnected. Both hotel chains are currently working with various telecommunications companies to add telepresence rooms into their various hotel properties worldwide.

Yet despite enthusiasm for alternatives to travel, cutting spend completely is clearly not the solution. Research conducted earlier this year for Hilton Worldwide by National University of Singapore Business School's organisational behaviourist and psychologist Dr Richard Arvey made this point particularly well.

Dr Arvey found that despite the increasing presence of online alternatives to meeting face-to-face, there really was no alternative to personal contact, stating in his research summary 'Given the existing data and research, it is clear that face-to-face meetings are used increasingly less frequently and that there are substitution effects via the use of computer-aided communication devices. However, the data indicates that meetings do indeed matter, and that the use of such face-to-face meetings has a variety of valuable psychological as well as business outcomes. It is my belief, given these data, that eliminating face-to-face meetings as an option in communicating with employees would be a mistake'.

However, technology is clearly perceived by meetings planners and suppliers as having a powerful role to play in helping them conduct business more effectively. For the year ahead, FutureWatch 2009 respondents expressed greatest interest in technologies that enable them to:

- Generate better attendee feedback on the meeting experience
- Provide better Internet access onsite
- Introduce customer relationship management (CRM) programs or improve their existing ones
- Improve the audio-visual experience onsite
- Facilitate the request for proposal process
- Identify and evaluate vendors, destinations, and venues
- Facilitate wireless networking and other forms of onsite communication

Linked to the last item in that list is the growing use of social media for meetings. This is becoming an integral part of making an event successful both from a marketing and networking/learning enhancement perspective, and some of the earliest adopters have been associations. So how do associations use social media for their meetings? A July 2009 survey by Omnipress of 325 association executives and consultants revealed the following:

- 80% of the respondents use some type of free social network for their organisation, such as LinkedIn, Facebook and Twitter
- 35% have a custom-built social network system
- 19% have a social network site for their conferences (and another 27% are “strongly considering” a social networking site for their events, while 44 % are interested in the idea).
- 60% of respondents offer wireless internet access at their largest events
- 22% reported that more than half of their attendees bring laptops to events
- 51% said more than half bring internet-enabled smart phones

The top three benefits from a conference-based social network were said to be:

- To create pre-event interest and enthusiasm
- To facilitate interaction among conference participants
- To increase attendance

SUSTAINABILITY

Perhaps surprisingly, few people in the meetings and events industry have used these challenging economic times to serve as an excuse to turn their backs on their responsibilities towards the environment. Indeed, progress towards achieving minimum negative impacts on our fragile natural environment from meetings and events appears to be marching onwards and upwards. For example, the 2009 EventView: North America survey revealed that 66% of respondents (300 senior sales and marketing executives) planned on implementing - or had already implemented - green initiatives within the event function – a 32% increase from the 2008 results. Of that 66%, 44% were doing so as a result of a corporate responsibility mandate.

Increasingly, emphasis is being placed on the developing of widely-accepted green standards in the meetings and events industry. An important first step towards the adoption of uniform measurable standards of environmental performance in meetings planning was taken in August of this year, when the Convention Industry Council's Accepted Practices Exchange (APEX) Panel on Green Meeting and Event Practices released the final draft standards for green meetings and events for review and comment by the meetings industry before submitting these to ASTM International (originally known as the American Society for Testing and Materials) for review.

The process of developing green standards has been a partnership between the U.S. Environmental Protection Agency, the Green Meeting Industry Council and APEX to answer the need in the meetings and events industry for a uniform measurement of environmental performance. By submitting the standards to the ASTM for approval, the standards developed will be accredited standards.

Karen Kotowski of the Convention Industry Council has stated that “These standards are an attempt to create a level playing field of what constitutes 'green' for the industry. While the standards are voluntary, demand and use by planners and competition will drive adoption”.

Nine individual topic areas comprise the entire framework, and nine separate committees were charged with developing the standards. Those topic areas are Accommodations, Audio Visual, Communication, Exhibits, Food and Beverage, On-site Office, Destinations, Meeting Venue and Transportation. The draft standards were sent out to the meetings industry for review and comment before being submitted to the ASTM

It is anticipated that the final standards approved by both ASTM and the APEX Commission will be complete by the end of this year.

While other green frameworks exist, such as the British Standard 8901 Sustainable Events Standard, the APEX/ASTM standards will be specific, measurable, performance-based criteria and are intended to be adopted internationally. The APEX/ASTM standards will work well independently or in collaboration with other frameworks for sustainable events.

SOCIAL LEGACY

Social legacy relates to the People aspect of the triple bottom line of CSR (People, Planet and Profit) and, as such, goes far beyond the simple greening of meetings and events. While the planet-centred greening of events involves practices such as recycling materials, hosting paperless meetings, choosing meetings destinations served by public transport and building green clauses into contracts with suppliers, social legacy also takes into account how a meeting or event impacts upon the people and economy of the local community and how these may be helped by the attendees.

Social legacy elements encompass community initiatives and the raising of social awareness among meetings and events participants. This aspect of business tourism events is closely linked to the growing interest in volunteerism (or 'volun-tourism') as a form of community service that promotes goodwill and provides personal fulfilment. For many attendees, social legacy has also become an essential part of the experiential dimension of a meeting or event. Interest in the potential for our industry to leave a social legacy in the destinations it uses has grown significantly in the past year, and the results of the research into this topic, funded by the MPI Foundation, are eagerly awaited. Meanwhile, many of the best examples of how meetings and events can benefit those who live in the destinations where these take place have been created by meetings of associations that are active in our own industry:

- At the MPI MeetDifferent 2009 convention, over 30 volunteers participated in the community service project at the Atlanta Community Food Bank's Product Rescue Center, where all food and other salvaged items are brought to be inspected and packaged for distribution to more than 800 non-profit partner agencies. The mission of the ACFB is to fight hunger by engaging, educating and empowering their community. The volunteers helped to sort 11,706 pounds of food and other dry goods to provide over 7,804 meals.
- The fourth annual conference of Eventia, the official trade body of the events and live marketing industry in the UK, took place in Brighton, on 6 and 7 July 2009. Delegates took time out from the conference to transform a dreary schoolchildren's recreational area in a disadvantaged part of the town by painting the walls bright white.
- Several Dallas charities will benefit from the hard work, talents, donations and fundraising efforts of Professional Convention Management Association members and sponsors attending the 54th PCMA Annual Meeting in Dallas, January 10-13, 2010. PCMA's Hospitality Helping Hands program, sponsored by Experient and Marriott's Innovention Network, will take place on Saturday January 9 and Sunday January 10, when attendees will participate in hands-on community service projects to give back to the host city.

PART FOUR: OUTLOOK

The general outlook for the conference and events industry in the face of the current economic climate is uncertain, as many commentators believe that it is still premature to talk about the beginnings of a recovery despite growing optimism. Recovery is generally expected to be gradual – and a second dip into recession early next year cannot yet be ruled out. But even if a second dip can be avoided, business confidence will most probably pursue a moderate but cautious path to recovery, and the meetings and events industry will follow.

The general expectations for the months ahead were reflected in the MPI August 2009 Business Barometer, which, while acknowledging unfavourable business conditions, also indicated the continuation of the trend toward a more positive business outlook, which was first reported in the April 2009 Business Barometer, with favourable forecasts rising, though cautiously.

Budgets will remain low, but sources including the Business Barometer indicate that more organizations are showing signs of increased bookings in 2010. Suppliers report that more decisions to book meetings and events are being made, but that there is also a decrease in the average size of corporate meetings. The nature of meetings and events has also changed, however, as organizations continue to demonstrate concern of the public perceptions of incentives, optional events, celebrations, and “frills”. Though negative rhetoric regarding meetings and events has declined significantly in the past 4 months, meeting professionals generally agree that a negative public perception of meetings remains. As a result, many organizations will continue to select destinations and venues which are not considered to be extravagant or luxurious, and will plan meetings and events which include fewer celebrations, excursions, and banquets. Many meeting professionals expect this trend will continue for years into the future.

In fact, many believe that the public perception of meetings and events has become one of the most influential trends in the industry, and will continue to be so.

Three recently-released reports provide some insights into what may await the meetings and events industry in the year ahead:

- Advito’s 2010 Industry Forecast for Business Travel

The upbeat tone of this report derives from the fact that it is compiled from the buyers’ perspective, delivering predictions for their purchasing of air, hotel, car rental and rail services and concluding that ‘the negotiating outlook remains excellent for corporate clients in 2010’. The forecast’s author points out that the recession has left ‘a lasting legacy, providing opportunities to drive improvements to [corporate] travel programmes that travel managers could

previously only dream of'. Advito predicts that the industry recovery will be slow and fragile. Business travel volumes are expected to stabilize at the end of 2009, and the number of trips is projected to gradually move upward in the second half of 2010, gathering more momentum in 2011.

Advito warns that unpredictable factors should be watched carefully, stressing that downside risks such as major H1N1 outbreaks or a major rise in oil prices (e.g., due to speculation or geopolitical affairs) could significantly alter the dynamics of business travel and travel management.

- American Express Business Travel's China Business Travel Survey and Global Business Partnership (GBP) Survey

Both surveys offer separate yet similar predictions on the health and future of business travel heading into 2010. Meetings and events are reported as seeing the brunt of cutbacks with the GBP survey stating that more than 70% of companies surveyed have [used the current economic climate as] an opportunity to better control spending on meetings and events, a far larger percentage than those who felt they could cut back on air or hotel to control their costs.

The American Express findings indicate that China will lead business travel recovery. Further, investment by global companies and local companies in China should increase over the next 12 months, boosting the volume of business trips and meetings in that country.

CONCLUSION

Recovery, when it comes, will see the meetings and events industry emerge stronger than ever, ready to play a key role in enabling companies and individual men and women to benefit from the economic upturn. Many of the trends analysed in this report – such as cancelled meetings and travel avoidance - mean that there will be a strong pent-up demand for meeting face-to-face, once the global economy returns to full health once more.

In the meantime, the winners in our industry will be those suppliers who offer exceptional value and service and those destinations that target a diversified business base where downturns in one area of the meetings industry can be compensated for with opportunities in others.

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